



7(a) Loan Origination

Thursday, May 26, 2016

11:00 a.m. Eastern

For technical assistance, call
AT&T Helpdesk at 888-796-6118

Thank you!

SBA West Virginia District Office



Standard 7 (a) Loan Guaranty Processing Center Locations



6501 Sylvan Road Suite 122
Citrus Heights , CA 95610



262 Black Gold Blvd
Hazard, KY 41701

7(a) Loan Origination

In Today's Session:

- Credit elsewhere
- What do I need to do to get done early
- SBA Forms
- Credit Memo
- Screenout Reasons
- Other Information that may be Required
- Guaranties Required
- Definitions
- How process works once received at the LGPC

“Credit Elsewhere Test.”

The lender must determine that:

The Small Business Applicant is unable to obtain the loan on reasonable terms without a Federal government guaranty, and some or the entire loan is not available from any of the following sources:

- i. Non-Federal sources; or
- ii. The resources of the applicant business.

The lender must substantiate the factors that prevent the financing from being accomplished without SBA support and retain the explanation in their loan file. The file must contain documentation that specifically identifies the factors in the present financing that meet the credit Elsewhere Test.

Acceptable factors that demonstrate an identifiable weakness in the credit or exceed policy limits of the lender include, among others:

- a) The business needs a longer maturity than the lender's policy permits (for example, the business needs a loan that is not on a demand basis);
- b) The collateral does not meet the lender's policy requirements;
- c) The lender's policy normally does not allow loans to new businesses or businesses in the applicant's industry; and/or
- d) Any other factors relating to the credit that, in the lender's opinion, cannot be overcome except for the guaranty. These other factors must be specifically documented in the loan file.

Unacceptable factors include:

- a) To address the lender's Community Reinvestment Act (CRA) compliance
- b) To refinance debt already on reasonable terms.

What do I need to get done early?

- Complete SBA Form 1920's Eligibility Information Section to determine basic eligibility. If you believe that the applicant may be ineligible, please contact 7(a) Questions or your District Office for guidance before requesting your applicant to complete the SBA Form 1919.
- We suggest submitting the following forms to the appropriate Agencies as early in the application process as possible to avoid any unnecessary delays in the application process - if required) : Form 912 Statement of Personal History; Form G-845; Franchise Agreement (not approved by FRANdata); Fuel Agreements; and Licenses Agreements.
- IRS Form 4506-T must be verified and reconciled before submission.

Forms

- **SBA Form 1919** – Borrower Information Form
 - Completed, signed and dated (within 90 days of application) by all owners of 20% or more; general partner; officer; director; managing member; any person hired by the business to manage day-to-day operations
- **SBA Form 1920** – Lender’s Application and Eligibility Information completed, signed and dated (within 90 days of application) in its entirety by lender;
 - Only provide your answer if it is applicable to the loan;
- **IRS Form 4506-T**
 - Financial information used in the credit memo must be verified and reconciled against tax transcript prior to loan submission (Lender must indicate that in the credit memo);
- **SBA Form 912**
 - A copy of this form is only required if question 1, 2 or 3 is answered “yes” on SBA Form 1919 signed and dated (within 90 days of application) You will also need Addendum B or a signed letter of explanation, and a fingerprint card FD-258 may be required.
- **SBA Form 413**
 - Completed, signed and dated by all principals and guarantors required by SBA or you may use your own institutions form.

Borrower Application (form 1919)



OMB Code
Expiration

BORROWER INFORMATION FORM For use with all 7(a) Programs

The purpose of this form is to collect identifying information about the applicant, indebtedness, information about the principals, information about current or previous financing, and certain other disclosures. The information also facilitates background authorized by Section 7(a)(1)(B) of the Small Business Act, 15 U.S.C. 636(a)(1)(B). completed by the Small Business Applicant and submitted to an SBA Participating

To be completed by the following:

(With the exception of guarantors, all parties listed below are considered "Associates" of the small business applicant.)

- For a sole proprietorship, the sole proprietor;
- For a partnership, all general partners and all limited partners owning 20% or more of the equity of the firm;
- For a corporation, all owners of 20% or more of the corporation and each officer and director;
- For limited liability companies (LLCs), all members owning 20% or more of the company, each officer, director, and managing member;
- Any person hired by the business to manage day-to-day operations; and
- Any other person who is guaranteeing the loan, if required by SBA.

For clarification regarding any of the questions, you should contact the SBA Participating Lender processing the loan request.

NAME OF BUSINESS APPLYING FOR LOAN ("APPLICANT"): _____

YOUR NAME: _____ TITLE: _____

SOCIAL SECURITY NUMBER: _____ DATE OF BIRTH: _____

PLACE OF BIRTH (City & State or Foreign Country): _____

Veteran**	1=Non-Veteran; 2=Veteran-Other; 3=Service-Disabled Veteran; 4=Not Disclosed.					
Gender**	M=Male; F=Female; N=Not Disclosed					
Race**	1=American Indian or Alaska Native; 2=Asian; 3=Black or African-American; 4=Native Hawaiian or Pacific Islander; 5=White; X=Not Disclosed					
Ethnicity**	H=Hispanic or Latino; N=Not Hispanic or Latino; Y=Not Disclosed					
Owner	% Owned	Veteran	Gender	Race	Ethnicity	List proprietors, partners, officers, directors, all holders of outstanding stock. 100% of ownership must be shown. Use separate sheet if necessary. Please reference the above codes to complete this table for each owner of the applicant business. More than one race may be selected.

** The gender/race/ethnicity/veteran data is collected for program reporting purposes only. Disclosure has no bearing on the credit decision.

ALL QUESTIONS MUST BE ANSWERED AND ARE SUBJECT TO VERIFICATION BY SBA

- (1) Are you presently subject to an indictment, criminal information, arraignment, or other means criminal charges are brought in any jurisdiction? Yes ☐ No ☐
- (2) Have you been arrested in the past six months for any criminal offense? Yes ☐ No ☐
- (3) For any criminal offense – other than a minor vehicle violation – have you ever: 1) been convicted; 2) plead nolo contendere; 3) plead nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of probation (including probation before judgment)? Yes ☐ No ☐
- (4) Has an application for the loan you are applying for now ever been submitted to SBA or to a Certified Development Company or lender in connection with any SBA program? Yes ☐ No ☐

To be completed by the following:

(With the exception of guarantors, all parties listed below are considered "Associates" of the small business applicant.)

- For a sole proprietorship, the sole proprietor;
- For a partnership, all general partners and all limited partners owning 20% or more of the equity of the firm;
- For a corporation, all owners of 20% or more of the corporation and each officer and director;
- For limited liability companies (LLCs), all members owning 20% or more of the company, each officer, director, and managing member;
- Any person hired by the business to manage day-to-day operations; and
- Any other person who is guaranteeing the loan, if required by SBA.

NAME OF BUSINESS APPLYING FOR LOAN ("APPLICANT"): _____

YOUR NAME: _____ TITLE: _____

SOCIAL SECURITY NUMBER: _____ DATE OF BIRTH: _____

PLACE OF BIRTH (City & State or Foreign Country): _____

Veteran**	1=Non-Veteran; 2=Veteran-Other; 3=Service-Disabled Veteran; 4=Not Disclosed.					
Gender**	M=Male; F=Female; N=Not Disclosed					
Race**	1=American Indian or Alaska Native; 2=Asian; 3=Black or African-American; 4=Native Hawaiian or Pacific Islander; 5=White; X=Not Disclosed					
Ethnicity**	H=Hispanic or Latino; N=Not Hispanic or Latino; Y=Not Disclosed					
Owner	% Owned	Veteran	Gender	Race	Ethnicity	List proprietors, partners, officers, directors, all holders of outstanding stock. 100% of ownership must be shown. Use separate sheet if necessary. Please reference the above codes to complete this table for each owner of the applicant business. More than one race may be selected.

ALL QUESTIONS MUST BE ANSWERED AND ARE SUBJECT TO VERIFICATION BY SBA

- (1) Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction? Yes ☐ No ☐
- (2) Have you been arrested in the past six months for any criminal offense? Yes ☐ No ☐
- (3) For any criminal offense – other than a minor vehicle violation – have you ever: 1) been convicted; 2) plead guilty; 3) plead nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? Yes ☐ No ☐
- (4) Has an application for the loan you are applying for now ever been submitted to SBA or to a Certified Development Company or lender in connection with any SBA program? Yes ☐ No ☐

Borrower Application (form 1919) Page 2

(5) Are you presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency? Yes ☐ ... No ☐

(6) If you are at least a 50% or more owner of the applicant business, are you more than 60 days delinquent on any obligation to pay child support arising under an administrative order, court order, repayment agreement between the holder and a custodial parent, or repayment agreement between the holder and a state agency providing child support enforcement services? Yes ☐ ... No ☐

If "YES" to Question 1, the loan request is ineligible for SBA assistance. If there is a "YES" response to Question 2 or 3, you must complete SBA Form 912 and furnish details on a separate sheet, including dates, location, fines, sentences, whether misdemeanor or felony, dates of parole/probation, unpaid fines or penalties, name(s) under which charged, and any other pertinent information. If "YES" to Questions 2 or 3, the lender will be required to conduct a background check and make a character determination in accordance with the procedures described in SOP 50 10 5. If "YES" to Question 3 and you are currently on parole or probation (including probation before judgment), the loan request is ineligible for SBA assistance. If the charge resulting in a "YES" was a single misdemeanor that was subsequently dropped without prosecution, you must provide documentation from the appropriate court or prosecutor's office along with the completed Form 912.

If "YES" to Questions 4, 5 or 6, this application may not be submitted to SBA under any delegated or expedited processing method, but must be submitted to the Standard 7(a) Loan Guaranty Processing Center (LGPC) for non-delegated processing. The only exception is an application that was declined under a 7(a) Small Loan due to the applicant's credit score may be submitted under SBA Express procedures. Note: This does not mean that your loan will be denied, only that your lender will need to use different SBA procedures to process the loan.

(7) Are you a U.S. Citizen? Yes ☐ ... No ☐

If "No," are you a Lawful Permanent resident alien? Yes ☐ ... No ☐
Provide Alien Registration Number _____

(8) Are any of your business' products or services exported or do you plan to begin exporting as a result of this loan? Yes ☐ ... No ☐

If "Yes," provide the estimated total export sales this loan will support: \$ _____

(9) Is your business a franchise? Yes ☐ ... No ☐

(10) Does the Applicant business have any Affiliates? Yes ☐ ... No ☐

Affiliation exists when one individual or entity controls or has the power to control another or when a third party or parties control or have the power to control both. SBA considers factors such as ownership, management previous relationships with or ties to another entity, and contractual relationships when determining whether affiliation exists. The complete definition of affiliation is found at 13 CFR 121.103. (See also, 13 CFR 121.107 and 121.301.) An "Affiliate" includes, for example: (1) a parent company; (2) subsidiaries and other companies that are owned or controlled by the Applicant; (3) companies in which an officer, director, general partner, managing member or party owning 20% or more is also an officer, director, general partner, managing member or 20% or greater owner of the Applicant; (4) companies or individuals with unexercised options to own 50% or more of the Applicant's stock; and (5) companies that have entered into agreements to merge with the Applicant.

If answered "yes," attach a listing of all Affiliates to this form.

(11) Have you, the Applicant, its Affiliates, or any business owned or controlled by you or any Associate ever obtained a direct or guaranteed loan from SBA or any other Federal agency or been a guarantor on such a loan? (This includes student loans and disaster loans.) Yes ☐ ... No ☐

(a) If you answered "Yes" to Question 11, is any of the financing currently delinquent? Yes ☐ ... No ☐

(b) If you answered "Yes" to Question 11, did any of this financing ever default and cause a loss to the Government? Yes ☐ ... No ☐

(12) What is the existing number of employees currently employed by the business? _____

(13) Number of jobs to be created as a result of the loan? _____ Number of jobs that will be retained as a result of the loan that would have been lost otherwise? _____

(14) Have you or the Applicant used (or intend to use) a packager, broker, accountant, lawyer, etc. to assist in (a) preparing the loan application or any related materials and/or (b) referring the loan to the lender? Yes ☐ ... No ☐
If answer is "Yes," a SBA Form 159 7(a) will need to be completed by the Applicant and the lender.

(5) Are you presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency? Yes ☐ ... No ☐

(6) If you are at least a 50% or more owner of the applicant business, are you more than 60 days delinquent on any obligation to pay child support arising under an administrative order, court order, repayment agreement between the holder and a custodial parent, or repayment agreement between the holder and a state agency providing child support enforcement services? Yes ☐ ... No ☐

If "YES" to Question 1, the loan request is ineligible for SBA assistance. If there is a "YES" response to Question 2 or 3, you must complete SBA Form 912 and furnish details on a separate sheet, including dates, location, fines, sentences, whether misdemeanor or felony, dates of parole/probation, unpaid fines or penalties, name(s) under which charged, and any other pertinent information. If "YES" to Questions 2 or 3, the lender will be required to conduct a background check and make a character determination in accordance with the procedures described in SOP 50 10 5. If "YES" to Question 3 and you are currently on parole or probation (including probation before judgment), the loan request is ineligible for SBA assistance. If the charge resulting in a "YES" was a single misdemeanor that was subsequently dropped without prosecution, you must provide documentation from the appropriate court or prosecutor's office along with the completed Form 912.

If "YES" to Questions 4, 5 or 6, this application may not be submitted to SBA under any delegated or expedited processing method, but must be submitted to the Standard 7(a) Loan Guaranty Processing Center (LGPC) for non-delegated processing. The only exception is an application that was declined under a 7(a) Small Loan due to the applicant's credit score may be submitted under SBA Express procedures. Note: This does not mean that your loan will be denied, only that your lender will need to use different SBA procedures to process the loan.

(7) Are you a U.S. Citizen? Yes ☐ ... No ☐

If "No," are you a Lawful Permanent resident alien? Yes ☐ ... No ☐

Provide Alien Registration Number _____

(9) Is your business a franchise? Yes ☐ ... No ☐

(10) Does the Applicant business have any Affiliates? Yes ☐ ... No ☐

Affiliation exists when one individual or entity controls or has the power to control another or when a third party or parties control or have the power to control both. SBA considers factors such as ownership, management previous relationships with or ties to another entity, and contractual relationships when determining whether affiliation exists. The complete definition of affiliation is found at 13 CFR 121.103. (See also, 13 CFR 121.107 and 121.301.) An "Affiliate" includes, for example: (1) a parent company; (2) subsidiaries and other companies that are owned or controlled by the Applicant; (3) companies in which an officer, director, general partner, managing member or party owning 20% or more is also an officer, director, general partner, managing member or 20% or greater owner of the Applicant; (4) companies or individuals with unexercised options to own 50% or more of the Applicant's stock; and (5) companies that have entered into agreements to merge with the Applicant.

If answered "yes," attach a listing of all Affiliates to this form.

(11) Have you, the Applicant, its Affiliates, or any business owned or controlled by you or any Associate ever obtained a direct or guaranteed loan from SBA or any other Federal agency or been a guarantor on such a loan? (This includes student loans and disaster loans.) Yes ☐ ... No ☐

(a) If you answered "Yes" to Question 11, is any of the financing currently delinquent? Yes ☐ ... No ☐

(b) If you answered "Yes" to Question 11, did any of this financing ever default and cause a loss to the Government? Yes ☐ ... No ☐

Borrower Application (form 1919) Page 3

(15) Will more than \$10,000 of the loan proceeds be used for construction? Yes ☐ ... No ☐
If answer is "Yes," a SBA [Form 601](#) will need to be completed.

(16) Are any of the Applicant's revenues derived from gambling or from the sale of products or services, or the presentation of any depiction, displays or live performances, of a prurient sexual nature? Yes ☐ ... No ☐

(17) Is the loan request for a Community Advantage Pilot Program loan? Yes ☐ ... No ☐
If answer is "Yes," a SBA Form 2449, Community Advantage Addendum will need to be completed.

SBA may not provide financial assistance to an applicant where there is any appearance of a conflict of interest with an SBA or other governmental employee. If any of the questions below are answered "False", this application may not be submitted under any delegated or expedited processing method, but must be submitted to the LGPC for non-delegated processing. Note: This does not mean that your loan will be denied, only that your lender will need to use different SBA procedures to process the loan.

(18) No SBA employee, or the household member (see definition at * below) of an SBA employee, is a sole proprietor, partner, officer, director, or stockholder with a 10 percent or more interest, of the Applicant. [13 CFR 105.204] True ☐ False ☐

(19) No former SBA employee, who has been separated from SBA for less than one year prior to the request for financial assistance, is an employee, owner, partner, attorney, agent, owner of stock, officer, director, creditor or debtor of the Applicant. [13 CFR 105.203] True ☐ False ☐

(20) No member of Congress, or an appointed official or employee of the legislative or judicial branch of the Federal Government, is a sole proprietor, general partner, officer, director, or stockholder with a 10 percent or more interest, or household member of such individual, of the Applicant. [13 CFR 105.301(e)] True ☐ False ☐

(21) No Government employee having a grade of at least GS-13 or higher is a sole proprietor, general partner, officer, director, or stockholder with a 10 percent or more interest, or a household member of such individual, of the Applicant. [13 CFR 105.301(a)] True ☐ False ☐

(22) No member or employee of a Small Business Advisory Council or a SCORE volunteer is a sole proprietor, general partner, officer, director, or stockholder with a 10 percent or more interest, or a household member of such individual, of the Applicant. [13 CFR 105.302(a)] True ☐ False ☐

* A "household member" of an SBA employee includes: a) the spouse of the SBA employee; b) the minor children of said individual; and c) the blood relatives of the employee, and the blood relatives of the employee's spouse who reside in the same place of abode as the employee. [13 CFR 105.201(d)]

By Signing Below, You Make the Following Representations, Authorizations and Certifications

REPRESENTATIONS AND AUTHORIZATIONS: I represent that I have read the items above and I understand them. I represent that I will comply, whenever applicable, with the hazard insurance, lead-based paint, civil rights or other limitations in this notice. I further represent that all SBA loan proceeds will be used only for business related purposes as specified in the loan application and, to the extent feasible, to purchase only American-made equipment and products. I authorize the SBA Office of Inspector General to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

CERTIFICATION AS TO ACCURACY: I certify that the information provided in this application and the information that I have provided in all supporting documents and forms is true and accurate. I realize that the penalty for knowingly making a false statement to obtain a guaranteed loan from SBA is that I may be fined up to \$250,000 and/or be put in jail for up to 5 years under 18 USC § 1001 and if false statements are submitted to a Federally insured institution, I may be fined up to \$1,000,000 and/or be put in jail for up to 30 years under 18 USC § 1014.

Signature

Date

Print Name

(15) Will more than \$10,000 of the loan proceeds be used for construction? Yes ☐ ... No ☐
If answer is "Yes," a SBA [Form 601](#) will need to be completed.

(16) Are any of the Applicant's revenues derived from gambling or from the sale of products or services, or the presentation of any depiction, displays or live performances, of a prurient sexual nature? Yes ☐ ... No ☐

The remaining questions (18-22) are eligibility questions that can impact whether the loan request is eligible.

If an applicant answers "False" to any of these questions you should contact your District Office to determine the best course of action.

The remaining 3 pages of the application are official notices and then a signature page with a Certification. Each principal must sign this page, date it and print their name.

Lender Application (form 1920)



LENDER'S APPLICATION FOR LENDING PROGRAMS

The purpose of this form is to collect identifying information regarding the lender, loan terms, use of proceeds, and other information such as the number of jobs created and information regarding the applicant and use of proceeds.

This entire form is to be completed, signed and dated by the Lender. Non-delegated lenders must submit this form electronically to the LGPC either by email to 7aloanprogram@sba.gov or through the website at <http://www.sba.gov/aboutsba/sbaprograms/lending/lgpc/index.html>. Delegated lenders complete the form and retain it in the loan file.

☐ SBA Express (Revolving: Yes ☐ No ☐ ☐ Export Express (Revolving: Yes ☐ No ☐ ☐ 7(a) Small Loan - ☐ Standard 7(a) ☐ CLP ☐ Community Advantage ☐ PLP ☐ IT ☐ EWCP

CAPLines: Yes ☐ No ☐ If yes, Seasonal ☐ Builders ☐ Contract ☐ Working Capital ☐

Small Business Borrower Name:	
<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Other	
Trade Name (dba): _____ (if no trade name, enter "NA")	
Borrower Contact:	<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. First _____ MI <input type="checkbox"/> Last _____
Borrower Street: _____	
Borrower City:	Borrower County: _____
Borrower State, Zip Code:	Borrower Phone #: _____
Co-Borrower Contact:	First _____ MI <input type="checkbox"/> Last _____
Co-Borrower Street: _____	
Co-Borrower City:	Co-Borrower County: _____
Co-Borrower State, Zip Code:	Co-Borrower Phone #: _____
Borrower Tax ID #:	_____ (if available)
Owners SS #:	1. _____ 2. _____
Lender Name:	Lender ID #: _____
Lender Contact:	<input type="checkbox"/> Mr. <input type="checkbox"/> Ms. First _____ MI <input type="checkbox"/> Last _____
Lender Contact Phone #:	Lender Contact Email: _____
Lender Address: _____	

Loan Amount: \$ _____ SBA Guaranty % _____ Loan Term in # of Months: _____

Interest Rate:	<input type="checkbox"/> Prime rate* = _____ + Spread _____ = Variable Interest Rate: _____
<input type="checkbox"/> Variable	<input type="checkbox"/> LIBOR (1 month) + 3.0%* = _____ + Spread _____ = Variable Interest Rate: _____
<input type="checkbox"/> SBA Peg Rate*	_____ + Spread _____ = Variable Interest Rate: _____
<input type="checkbox"/> Other**	_____ + Spread _____ = Variable Interest Rate: _____
	Payment Amount: _____ Rate Adjustment Frequency: _____
<input type="checkbox"/> Fixed Base Rate*	_____ + Spread _____ = Fixed Interest Rate: _____
*In effect on the first business day of the month as identified in a national financial newspaper or SBA publication	
**Only SBA Express, Export Express, and EWCP loans may have a base rate other than the three allowable base rates.	

Exporter? Yes ☐ No ☐ If yes, amount in export sales applicant has projected loan will support \$ _____

This core information on borrower and Lender is usually correct. Key is to make sure the Small Business Borrower Name matches the 1919's and other information.

This area is often missed or key fields, such as monthly payment and Rate Adjustment Frequency are missed which causes Screen Outs

Lender Application (form 1920)

<input type="checkbox"/> New Business (2 years or less)		<input type="checkbox"/> Existing Business (more than 2 years old)		<input type="checkbox"/> Change of Ownership***	
<input type="checkbox"/> All Outstanding SBA Loans:					
<input type="checkbox"/> Loan is Collateralized					
<input type="checkbox"/> Rural <input type="checkbox"/> Urban (business location)					
NAICS Code:		<input type="checkbox"/> New Construction? If checked, amount: \$			
# of employees <u>prior</u> to loan		# of jobs created because of loan		# of jobs retained because of loan	
<input type="checkbox"/> Franchise		Franchise Name:		FRUNS Number:	
Veteran**		1=Non-Veteran; 2=Veteran-Other; 3=Service-Disabled Veteran; 4=Not Disclosed			
Gender**		M=Male; F=Female; N=Not Disclosed			
Race**		1=American Indian or Alaska Native; 2=Asian; 3=Black or African-American; 4=Native Hawaiian or Pacific Islander; 5=White; X=Not Disclosed			
Ethnicity**		H=Hispanic or Latino; N=Not Hispanic or Latino; Y=Not Disclosed			
Owner	% Owned	Veteran	Gender	Race	Ethnicity
					List proprietors, partners, officers, directors, all holders of outstanding stock. 100% of ownership must be shown. Use separate sheet if necessary. Please reference the above code to complete this table for each owner of the applicant business. More than one race may be selected.

** The gender/race/ethnicity/veteran data is collected for program reporting purposes only. Disclosure is voluntary and has no bearing on the credit decision.

Were any other SBA loans made to the borrower? If so, please complete for each loan.	SBA Loan #	SBA Approval Date	Loan Amount	SBA Guaranty %	Term (in months)

Use of Loan Proceeds	Amount (Total Dollars)
Purchase Land only	\$
Purchase Land and Improvements	\$
Purchase Improvements only	\$
Construct a Building	\$
Add an Addition to an Existing Building	\$
Make Renovations to an Existing Building	\$
Pay Off Interim Construction Loan	\$
Pay Off Lender's Interim Loan	\$
Leasehold Improvements	\$
Purchase Furniture, Fixtures or Equipment (FFE)	\$
Purchase Inventory	\$
Pay Trade or Accounts Payable	\$
Pay Notes Payable – not Same Institution Debt	\$
Pay Notes Payable – Same Institution Debt	\$
Purchase Business (Change of Ownership) – ***Complete Page 3	\$
Refinance SBA Loan – not Same Institution Debt	\$
Refinance SBA Loan – Same Institution Debt	\$
Working Capital	\$
SBA Guaranty Fee	\$
Other – Explain	\$
Other – Explain	\$
Total	\$

It is important that the Lender clearly identifies the age of the business

Be sure to ask your client if they have any other SBA loans, past and present

Employment information is important for the Lender to know

This is just a recap of borrower information from each 1919

This section will be useful for you to know what the Lender will be needing for a breakdown from your client when considering their loan request.

Making sure that the uses of loan proceeds are clearly broken out is important right from the beginning of the loan process so each component can be identified and properly evaluated.

When and if an authorization is written it gets into this type of detail.

SBA Form 1920

Eligibility Information for Application for Guaranty for All 7(a) Loans

If the answer to either of the following two statements is "No," the loan is not eligible.

Applicant is an operating business organized for profit, is located in United States, has demonstrated a need for the desired credit, and the desired credit is not otherwise available on reasonable terms from non-Federal sources. YES ☒ NO ☐

The products and/or services of the Applicant business are available to the general public. YES ☒ NO ☐

A. Size and Affiliation

Primary industry of Applicant: Landscaping Service NAICS Code of Applicant: 561730
Average annual receipts of Applicant Business (excluding affiliates) over last 3 completed fiscal years: \$1,500,000
No. of employees of Applicant Business: _____ SBA size standard for Applicant: \$7,000,000
(SBA size standards by NAICS industry are found at 13 CFR 121.201.)

OR (alternative size standard) tangible net worth is _____ (not in excess of \$15 million) and average net income after Federal income taxes (excluding any carry-over losses) for the preceding two completed fiscal years is _____ (not in excess of \$5.0 million). (The alternative size standard is found at §3(a) of the Small Business Act.)

The combined size calculation of applicant and its affiliates meets the size standard for the applicant's primary industry or the size standard for the primary industry of the applicant and its affiliates, whichever is higher. YES ☒ NO ☐

OR
The combined size calculation of applicant and its affiliates meets the alternative size standard. YES ☐ NO ☐

If size standard is exceeded by no more than 25%, Applicant agrees to use the assistance within a labor surplus area. YES ☐ NO ☐

Check if applicable regarding any affiliates:

____ Applicant has possible affiliates. *If checked, provide the following information in attachment to this form:*
List possible affiliates; discuss possible bases of affiliation, and determine if affiliation exists. If affiliation exists, list the primary industry of applicant and affiliates and the NAICS code. Also, state 1) combined average annual receipts over last 3 completed fiscal years or number of employees for applicant and all affiliates OR 2) combined tangible net worth and combined average net income after Federal income taxes (excluding any carry-over losses) for the preceding two fiscal years for applicant and all affiliates.

Check if applicable regarding any franchise/license/dealer/jobber agreement:

____ Applicant business has a franchise/license/dealer/jobber or similar agreement. *If checked, answer the following:*

The Franchise Registry lists the agreement as an approved agreement. YES ☐ NO ☐

If "No," answer the following statement:

For applications submitted under Lender's delegated authority:

You have made the determination that the applicant business has the right to profit and risk of loss commensurate with ownership and there are no excessive restraints on the sale of the franchise/license/dealer/jobber or similar interest. YES ☐ NO ☐

OR

You have submitted the necessary franchise documents to SBA for review in accordance with SOP 50 10 5 and received notification from SBA that the applicant business and the franchisor are not affiliated. YES ☐ NO ☐

If "No" to both, loan is not eligible.

For applications submitted under non-delegated authority:

You have submitted the applicable franchise documents to the Standard 7(a) Loan Guaranty Processing Center (LGPC) for an affiliation determination.

If "No," loan is not eligible. YES ☐ NO ☐

One of the three questions must have a response. A yes response lets us proceed and a no indicates the request is not eligible.

SBA Form 1920

B. Associates of the Applicant

Character

If, on any required SBA Form 1919, Question 1 is answered "YES", the loan is not eligible.

If, on any required SBA Form 1919, Question 2 or 3 is answered "YES", answer the following:

_____ The individual that answered "Yes" to Question 3 is currently on parole or probation. YES ___ NO ___
If the answer to this statement is "Yes," the loan is not eligible.

_____ The application meets ONE of the following criteria below (which is checked): YES ___ NO ___
If the answer to this statement is "No, the loan is not eligible.

_____ The charge resulting in a "yes" answer was a single misdemeanor that was subsequently dropped without prosecution and Lender has documentation from the appropriate court or prosecutor's office showing that the charge was dropped.

_____ Individual that answered "Yes" has completed an SBA Form 912 AND Delegated Lender has cleared the loan for processing based on SOP 50 10 5 guidelines. (Only delegated lenders have authority to clear a loan for processing under these guidelines.)

_____ Lender has submitted the required 912 and any additional documentation required to the district or branch SBA office serving the territory where the business applicant is located and has subsequently received written clearance of the character issue(s) from SBA Headquarters through the district or branch SBA office.

Credit Reasonably Available Elsewhere

Lender has assessed the borrower's access to credit outside of this SBA-guaranteed loan and determined that such credit is not available elsewhere on reasonable terms from non-Federal sources. The lender's loan file contains documentation that specifically identifies the factors in the present financing that meet the Credit Elsewhere Test. YES ☒ NO ___

Personal Guaranty of Owner(s)

All owners of 20 percent or more of the Applicant (including a spouse owning 5 percent or more when the combined ownership of both spouses is 20 percent or more) will guaranty the loan (except for ESOPs or eligible 401(k)Trusts). YES ☒ NO ___

Citizenship

All Associates of the business are either U.S. citizens or non-U.S. citizens whose status has been verified with USCIS or SBA. YES ☒ NO ___

If "Yes," CHOOSE the ONE that applies (If neither applies, the loan is not eligible):

☒ The business is at least 51 percent owned by individuals who are U.S. citizens and/or who have Lawful Permanent Resident (LPR) status, whose status lender has verified with the USCIS or SBA, AND will control the management and daily operations of the business; OR

_____ The business is at least 51 percent owned by aliens with an alien status other than LPR, which lender has verified with the USCIS or SBA; the lender has determined that continual and consistent management of the business has been provided by a U.S. citizen or by an LPR, whose status lender has verified with the USCIS or SBA, for at least one year and will continue indefinitely; AND collateral within the jurisdiction of the U.S. is pledged that meets the requirements of SOP 50 10 5. (Businesses less than one year old do not meet these requirements.)

C. Type of Business

_____ Applicant is or does one of the following: *If checked, loan is not eligible.*


- primarily engaged in the business of lending
- a passive business owned by developers or landlords that do not actively use or occupy the assets acquired or improved with the loan proceeds that is not an Eligible Passive Company (discussed below)

This is a double negative and a yes response lets us proceed with proceed, a no response is not eligible.

SBA Form 1920

I approve this application to SBA subject to the terms and conditions stated in this and the attached documents. Without the participation of SBA, to the extent applied for, we would not be willing to make this loan, and, in our opinion, the financial assistance approved is not otherwise available on reasonable terms. I certify that none of the Lender's Associates, including but not limited to its employees, officers, directors, or substantial stockholders (more than 10%) has a financial interest in the Applicant. I approve and certify that the Applicant is a small business according to the standards in 13 CFR Part 121, the loan proceeds will be used for an eligible purpose, and the owners and managers of the applicant business are of good character.

Lender Official:


(Signature)
John W Doe
Type or Print Name and Title


04/01/2016

Date

Don't forget to sign and date

ON PLP SUBMISSIONS ONLY: I approve and certify that the applicant is a small business according to the standards in 13 CFR Part 121, the loans proceeds will be used for an eligible purpose, and the owners and managers of the applicant business are of good character.

Approving/Certifying Lender Official:


(Signature)
Type or Print Name and Title

Date

Signed and dated (within 90 days of application)

NOTE: According to the Paperwork Reduction Act, you are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated burden for completing this form, including time for reviewing instructions, gathering data needed, and completing and reviewing the form is 24 minutes. Comments or questions on the burden estimates should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., SW, Washington DC 20416 and SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Room 10202, Washington DC 20503. **PLEASE DO NOT SEND FORMS TO THESE ADDRESSES.**

Personal Financial Statement (form 413)

OMB APPROVAL NO.: 3245-0188
EXPIRATION DATE: 01/31/2018

PERSONAL FINANCIAL STATEMENT
7(a) / 504 LOANS AND SURETY BONDS

U.S. SMALL BUSINESS ADMINISTRATION As of _____

SBA uses the information required by this Form 413 as one of a number of data sources in analyzing the repayment ability and creditworthiness of an application for an SBA guaranteed 7(a) or 504 loan or a guaranteed surety.

Complete this form for: (1) each proprietor; (2) general partner; (3) managing member of a limited liability company (LLC); (4) each owner of 20% or more of the equity of the Applicant (including the assets of the owner's spouse and any minor children); and (5) any person providing a guaranty on the loan.

Return completed form to:
For 7(a) loans: the lender processing the application for SBA guaranty
For 504 loans: the Certified Development Company (CDC) processing the application for SBA guaranty
For Surety Bonds: the Surety Company or Agent processing the application for surety bond guaranty

Name _____ Business Phone _____	
Home Address _____ Home Phone _____	
City, State, & Zip Code _____	
Business Name of Applicant _____	

ASSETS (Omit Cents)	LIABILITIES (Omit Cents)
Cash on Hand & in banks.....\$ _____	Accounts Payable.....\$ _____
Savings Accounts.....\$ _____	Notes Payable to Banks and Others.....\$ _____
IRA or Other Retirement Account.....\$ _____	(Describe in Section 2) _____
(Describe in Section 5) _____	Installment Account (Auto).....\$ _____
Accounts & Notes Receivable.....\$ _____	Mo. Payments \$ _____
(Describe in Section 5) _____	Installment Account (Other).....\$ _____
Life Insurance – Cash Surrender Value Only.....\$ _____	Mo. Payments \$ _____
(Describe in Section 8) _____	Loan(s) Against Life Insurance.....\$ _____
Stocks and Bonds.....\$ _____	Mortgages on Real Estate.....\$ _____
(Describe in Section 3) _____	(Describe in Section 4) _____
Real Estate.....\$ _____	Unpaid Taxes.....\$ _____
(Describe in Section 4) _____	(Describe in Section 6) _____
Automobiles.....\$ _____	Other Liabilities.....\$ _____
(Describe in Section 5, and include Year/Make/Model) _____	(Describe in Section 7) _____
Other Personal Property.....\$ _____	Total Liabilities.....\$ 0
(Describe in Section 5) _____	Net Worth.....\$ 0
Other Assets.....\$ _____	
(Describe in Section 5) _____	
Total Assets \$ 0	Total Liabilities & Net Worth \$ 0
	<i>*Must equal total in assets column.</i>

Section 1. Source of Income.	Contingent Liabilities
Salary.....\$ _____	As Endorser or Co-Maker.....\$ _____
Net Investment Income.....\$ _____	Legal Claims & Judgments.....\$ _____
Real Estate Income.....\$ _____	Provision for Federal Income Tax.....\$ _____
Other Income (Describe below)*.....\$ _____	Other Special Debt.....\$ _____

Description of Other Income in Section 1. _____

Signed and dated (within 90 days of application)

*Alimony or child support payments should not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.

One of the most often missed fields

As of _____

Note: there are a number of Asset and Liability fields with corresponding sections on page 2 that must be completed with the details. They are labeled "Describe in Section X".

And of course a Financial Statement should balance

NOTE: A lender may use their own Personal Financial Statement format as long as it contains the same information as the SBA form 413 and contains a Certification

Statement of Personal History (form 912)

United States of America SMALL BUSINESS ADMINISTRATION STATEMENT OF PERSONAL HISTORY	
Please Read Carefully: SBA uses Form 912 as one part of its assessment of program eligibility. Please reference SBA Regulations and Standard Operating Procedures if you have any questions about who must submit this form and where to submit it. For further information, please call SBA's Answer Desk at 1-800-U-ASK-SBA (1-800-827-5722), or check SBA's website at www.sba.gov . DO NOT SEND COMPLETED FORMS TO OMB as this will delay the processing of your application; send forms to the address provided by your lender or SBA representative. SBA District/Disaster Area Office	
Name and Address of Applicant (Firm Name) (Street, City, State, and ZIP Code)	
Amount Applied for (when applicable) File No. (if known)	
1. Personal Statement of: (State name in full, if no middle name, state (NMN), or (initial only, indicate initial.) List all former names used, and dates each name was used. Use separate sheet if necessary.	
2. Give the percentage of ownership or stock owned or to be owned in the small business or the development company. Social Security No.	
3. Date of Birth (Month, day, and year)	
4. Place of Birth: (City & State or Foreign Country)	
Name and Address of participating lender or surety co. (when applicable and known)	
5. U.S. Citizen? <input type="checkbox"/> YES <input type="checkbox"/> NO INITIALS: _____ If No, are you a Lawful Permanent resident alien: <input type="checkbox"/> YES <input type="checkbox"/> NO If non-U.S. citizen provide alien registration number: _____	
6. Present residence address: Most recent prior address (omit if over 10 years ago): From: _____ From: _____ To: _____ To: _____ Address: _____ Address: _____ Home Telephone No. (include Area Code): _____ Business Telephone No. (include Area Code): _____	
PLEASE SEE REVERSE SIDE FOR EXPLANATION REGARDING DISCLOSURE OF INFORMATION AND THE USES OF SUCH INFORMATION. YOU MUST INITIAL YOUR RESPONSES TO QUESTIONS 5, 7, 8 AND 9.	
IF YOU ANSWER "YES" TO 7, 8, OR 9, FURNISH DETAILS ON A SEPARATE SHEET. INCLUDE DATES, LOCATION, FINES, SENTENCES, WHETHER MISDEMEANOR OR FELONY, DATES OF PAROLE/PROBATION, UNPAID FINES OR PENALTIES, NAME(S) UNDER WHICH CHARGED, AND ANY OTHER PERTINENT INFORMATION. AN ARREST OR CONVICTION RECORD WILL NOT NECESSARILY DISQUALIFY YOU; HOWEVER, AN UNTRUTHFUL ANSWER WILL CAUSE YOUR APPLICATION TO BE DENIED AND SUBJECT YOU TO OTHER PENALTIES AS NOTED BELOW.	
7. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction? <input type="checkbox"/> Yes <input type="checkbox"/> No INITIALS: _____	
8. Have you been arrested in the past six months for any criminal offense? <input type="checkbox"/> Yes <input type="checkbox"/> No INITIALS: _____	
9. For any criminal offense - other than a minor vehicle violation - have you ever: 1) been convicted; 2) plead guilty; 3) plead nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment). <input type="checkbox"/> Yes <input type="checkbox"/> No INITIALS: _____	
10. I authorize the Small Business Administration Office of Inspector General to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, and the Small Business Investment Act.	
CAUTION - PENALTIES FOR FALSE STATEMENTS: Knowingly making a false statement on this form is a violation of Federal law and could result in criminal prosecution, significant civil penalties, and a denial of your loan, surety bond, or other program participation. A false statement is punishable under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 18 USC 545 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally Insured Institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.	
Signature _____ Title _____ Date _____	
Agency Use Only	
11. <input type="checkbox"/> Fingerprints Waived Date _____ Approving Authority _____ <input type="checkbox"/> Fingerprints Required Date _____ Approving Authority _____ Date Sent to OIG _____	
12. <input type="checkbox"/> Cleared for Processing Date _____ Approving Authority _____ 13. <input type="checkbox"/> Request a Character Evaluation Date _____ Approving Authority _____ (Required whenever 7, 8 or 9 are answered "yes" even if cleared for processing.)	
PLEASE NOTE: The estimated burden for completing this form is 15 minutes per response. You are not required to respond to any collection of information unless it displays a currently valid OMB approval number. If you wish to submit comments on the burden for completing this form, direct these comments to U.S. Small Business Administration, Chief, AIB, 409 3rd St., S.W., Washington, D.C. 20416 and Desk Officer for the Small Business Administration, Office of Management and Budget, New Executive Office Building, Room 13022, Washington, D.C. 20503. OMB Approval 3245-0178. DO NOT SEND COMPLETED FORMS TO OMB as this will delay the processing of your application; send forms to the address provided by your lender or SBA representative.	

This form is only necessary when a borrower answers questions 2 or 3 on their form 1919 affirmatively and only if the applicant is not currently on parole or probation.

Although almost all the fields on this form are important to be filled in and accurate, some fields that are often missed or filled in incorrectly are:

Applicant Name & Address. This is the name and address of the Applicant Business Entity.

The applicant's personal residence address, not the business address.

Missing initials next to answers to questions 7, 8 & 9.

Signed and dated (within 90 days of application)

Standard 7(a) – LGPC's

LGPC – Citrus Heights

6501 Sylvan Rd. Ste 122

Citrus Heights, CA

Tel: (877) 475-2435

Fax: (916) 735-1975

7aquestions@sba.gov



LGPC – Hazard

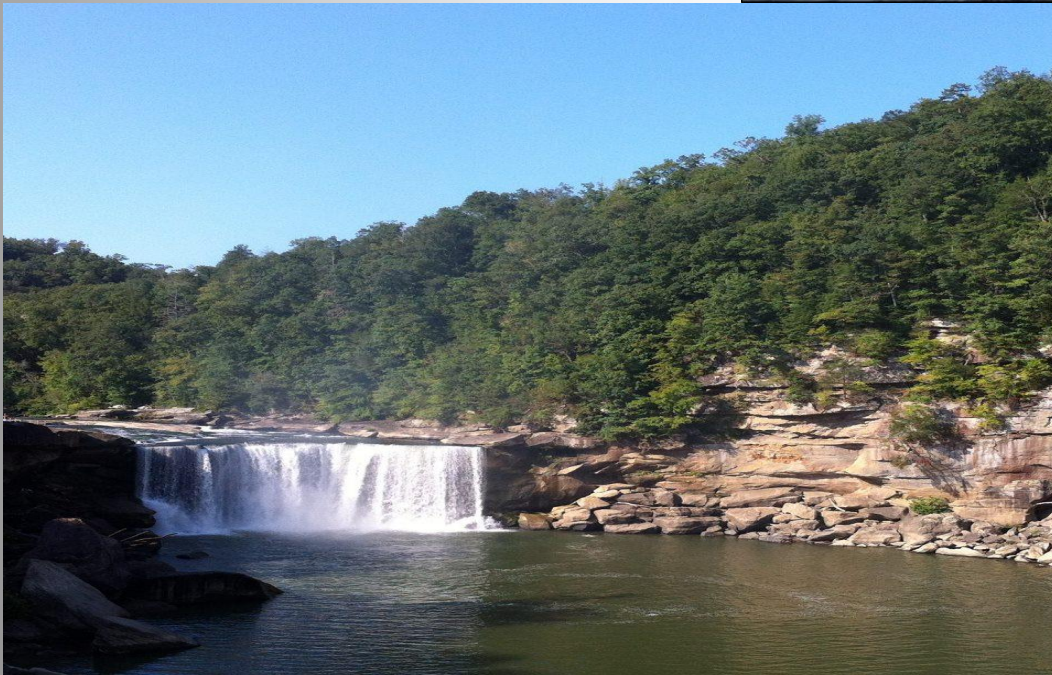
262 Black Gold Blvd

Hazard, KY 41701

Tel: (606) 436-0801

Fax: (606) 435-2400

7aquestions@sba.gov



Preparing your application for a request over \$350,000

- Step 1:** Review the Personal Credit Report for any possible prior loss to the government
- Step 2:** Complete SBA Form 1920 Eligibility Information Section.
- Step 3:** Check CAIVRS & add Comments on IRS 4506-T
- Step 4:** USICS Form G-845 Document Verification Request if applicable.
- Step 5:** Complete the Borrower and Lender Applications – SBA Forms 1919 & 1920
- Step 6:** SBA Form 912 – if applicable
- Step 7:** **Complete Lender Credit Memorandum**

The Lender's Credit Memorandum must include the following

Analysis must demonstrate the Applicant's ability to repay the loan from the cash flow of the business:

- A description of and history of the business;
- Lender's credit analysis must consider the nature of the business, length of time in business under current management and, if applicable, the depth of management experience in the industry or a related industry;
- A brief description of the business's management team;
- A financial analysis of repayment ability including ...
 - Analysis of historical cash flow for existing businesses;
 - Calculation of operating cash flow (OCF) defined as earnings before interest, taxes, depreciation and amortization (EBITDA);
 - Global cash flow analysis that includes assessment of impact on cash flow to/from any affiliate business;

- Debt service (DS) is defined as the future required principal and interest payments on all business debt inclusive of new SBA loan proceeds.
- The small business applicant's debt service coverage ratio (OCF/DS) must be equal to or greater than 1.15 on a historical and/or projected cash flow basis;
- For projected cash flows, the Lender should provide the calculation of debt service coverage using the definitions above, and provide analysis of the assumptions supporting the projected cash flow:
- Spread of pro-forma Business Balance Sheet;
- Ratio calculations for the following financial ratio benchmarks: Debt/Tangible Net Worth, Debt Service Coverage, and any other ratios the lender considers significant for the business/industry;

- Explanation of and justification for the refinancing of any debts as part of the loan request;
- Analysis of credit, including lender's rationale for recommending approval;
- For a change of ownership, discussion/analysis of the business valuation (based on generally accepted valuation methods used for the pertinent industry) used to support the purchase price;
- Discussion of any liens, judgments or bankruptcy filings;
- A list of collateral and its estimated value, if secured (For loans of \$25,000 or less, the lender is not required to take collateral. For loans over \$25,000 up to and including \$350,000, at a minimum the lender must take a first lien on assets financed with loan proceeds, and a lien on all of the applicant's fixed assets to secure the loan). *(Lender should assign collateral values based on what they would assign if the loan was not guaranteed)*

Other Information That May Be Required

- Purchase Agreements (business and real estate)
- Business Appraisals (Valuations) – See Page 171-172, 5., of the SOP 50-10 5(H) for requirements
- Franchise Agreement or Franchise Certificate (Cert-Fran)
- Fuel Supply Agreements/License Agreements
- Final Divorce Decree
- Copy of Note(s) to be Refinanced

Top Reasons for Screenouts!

SBA Form 1920 Incomplete

Credit Memo Incomplete

Other Item/Issue Incomplete

SBA Form 1919 Incomplete

Copy of Notes to be Refinanced

Life Insurance not Addressed

Derogatory Credit

Personal Financial Statement Incomplete

Business Debt Schedule Incomplete

Guaranties Required – Individual who own 20% or more of a Small Business Applicant must provide an unlimited full personal guaranty.

Guaranty of Spouse - Each spouse owning 5% or more of a Small Business Applicant must personally guarantee the loan in full when the combined ownership interest of both spouses is 20% or more.

Corporate/Other Guaranties: All entities that own 20% or more of a Small Business Applicant must provide an unlimited full guaranty. If the entity that owns 20% or more of the Small Business Applicant is a trust (revocable or irrevocable), the trust must guarantee the loan with the trustee executing the guaranty on behalf of the trust and providing the certifications required.

In addition, if the trust is revocable, the Trustor must guarantee the loan. Financial statements are necessary to determine the assets available to support the guaranty.

Each loan must be guaranteed by at least one individual or entity. If no one individual or entity owns 20% or more of the Small Business Applicant, at least one of the owners must provide a full guaranty.

Reducing Ownership Interest.

Any person subject to the personal guaranty requirements 6 months prior to the date of the loan application would continue to be subject to the requirements even if that person has changed his or her ownership to less than 20%. The only exception to the 6-month rule is when that person completely divest his or her interest prior to the date of application (Complete divestiture includes divestiture of all ownership (and any associated Eligible Passive Concern) in any capacity, including being an employee (paid or unpaid).

The owner(s) of a 401K must provide his or her full unconditional personal guaranty regardless of the individual ownership in the applicant concern.

Definitions

§121.103 Affiliation:

General Principles of Affiliation. (1) Concerns and entities are affiliates of each other when one controls or has the power to control the other, or a third party or parties controls or has the power to control both. It does not matter whether control is exercised, so long as the power to control exists.

SBA considers factors such as ownership, management, previous relationships with or ties to another concern, and contractual relationships, in determining whether affiliation exists.

Control may be affirmative or negative. Negative control includes, but is not limited to, instances where a minority shareholder has the ability, under the concern's charter, by-laws, or shareholder's agreement, to prevent a quorum or otherwise block action by the board of directors or shareholders.

Affiliation may be found where an individual, concern, or entity exercises control indirectly through a third party.

In determining whether affiliation exists, SBA will consider the totality of the circumstances, and may find affiliation even though no single factor is sufficient to constitute affiliation.

In determining the concern's size, SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates, regardless of whether the affiliates are organized for profit.

§121.103 Affiliation based on Identity of Interest. Affiliation may arise among two or more persons with an identity of interest. Individuals or firms that have identical or substantially identical business or economic interests (such as family members, individuals or firms with common investments, or firms that are economically dependent through contractual or other relationships) may be treated as one party with such interests aggregated. Where SBA determines that such interests should be aggregated, an individual or firm may rebut that determination with evidence showing that the interests deemed to be one are in fact separate.

§120.10 An Associate of a small business is:

An officer, director, owner of more than 20 percent of the equity, or key employee of the small business;

Any entity in which one or more individuals referred to in paragraphs (2)(i) of this definition owns or controls at least 20 percent; and

Any individual or entity in control of or controlled by the small business (except a Small Business Investment Company (“SBIC”) licensed by SBA).

How the Submission Process Works

- ETRAN notifies the 7aloanprogram@sba.gov mailbox that we have received your loan application
- LPA checking incoming email looks in ETRAN for your documents and downloads them into an electronic file. If no docs are in ETRAN looks for then in the 7aLoanProgram@sba.gov mailbox
- Once we receive the documents they are moved to the electronic folder for Pre-Screening
- LPA will review the file for completeness (i.e. mandatory docs, signed, dated)
- If loan package is not in the 10-Tab or Alternative Naming format, incomplete or in paper format it will be returned to the lender

- LPA will send a “Hi” email notifying you we have received the docs and include a “control #”
- Once the file is complete it will be moved forward and an LPA will prepare the application for review (check input, compile documents, pull credit reports)
- Once ready for review it will be put in a queue for random assignment
- Loan Specialist (LS) will request a loan and one will be randomly assigned by date and program
- LS will then review the file and contact the lender (phone/email) if additional information is needed
- When file is ready for approval an authorization will be prepared and the LS and Senior Loan Specialist will make their decisions

- LPA will complete the funding process and email the signed authorization to the lender
- Any changes to the loan authorization, after it has been mailed to the lender, must be sent to 7aLoanMod@sba.gov
- Again, LPA's do not review the file, so any questions regarding the Authorization should be sent to the 7aLoanMod@sba.gov
- Once the loan is fully disbursed, all future servicing actions are sent to the Commercial Servicing Centers (CLSC) for processing

Point of Interest

Maximum Guaranty Percentage for Multiple 7(a) Loans (13 CFR §120.210)

The maximum guaranty percentage for 7(a) loans of \$150,000 or less is 85%, unless the percentage is being computed on a subsequent 7(a) loan to the same borrower (or its affiliates) and the subsequent loan application is submitted within 90 days (see Paragraph I.A of this Chapter) of the receipt or approval date of the first loan. In this case the gross dollar amounts of the loans are combined. If the combined gross amount exceeds \$150,000, then the percentage of guaranty on the combined loans shall not be more than 75% (subject to the \$3,750,000 limit).

For example, if a business receives an 85% guaranty on a loan of \$140,000, and submits a second application for \$50,000 within 90 days of the first loan's approval, the percentage of guaranty on the second loan must be reduced accordingly so that **the combined guaranty is no more than 75%.**

Refinance of interim loans for the purchase of a business or change of ownership between partners that was originated within 6 months of application will require an appropriate business appraisal.

Submission requirement dates for SBA Forms (90 days) and Financial Data (180 days) is based on the date of a complete application package, not the date SBA receives the original application submission.

Refinance of debt used as an injection that has been on complete standby, must have 24 months of payments before it can be refinanced.

If two 7(a) Small Loans are processed within 90 days the second will be processed as a regular loan, if companions they both will be processed as a regular loan.

Business Appraisals must allocate separate values to the individual components of the transaction including land, building, equipment and intangible assets (See page 172, b), iii., of the SOP 50-10(5)H).

Applications that have funds for an Eligible Passive Company (EPC) and Operating Company (OC) should list the EPC as primary borrower.

Questions



Prepared by Curtis B Lee
(606) 436-4382 curtis.lee@sba.gov

WV Lender Relations Contacts

Rick Haney

304-623-7449

Richard.haney@sba.gov

Leo Lopez

304-347-5220

Leo.lopez@sba.gov

Or visit the SBA web site to find your local LRS at:

www.sba.gov